

ATTACHMENT #3

Pekin Wastewater Treatment Plant No. 1 Building and Grounds Description

1. **Anaerobic Digester and Digester Building** - Constructed in 1988, it contains a 50-foot diameter complete mix mesophilic digester system with a dual gas heat exchanger and gas compressor, a 2.5 meter - 400gpm gravity belt thickener system, a 85 KW emergency engine generator, a 150 KW dual fuel engine generator co-generation system, and a brown water pressure pump and storage system.
2. **Drying Bed Building** - Constructed in 1988, it contains four 20-foot by 40-foot vacuum assisted drying beds for dewatering the digested sludge.
3. **Sludge Storage Pad** - Constructed in 1988, it is 60-foot by 100-foot and can store approximately 18,000 cubic feet of dried sludge or 33 days of sludge production.
4. **Secondary Anaerobic Digester** - Constructed in 1964, the 50-foot diameter tank can hold approximately 352,500 gallons of digested sludge. In 1992 the digester will be upgraded to a primary complete mix digester.
5. **Sludge Storage Tanks** - The two identical 35-foot diameter tanks can each hold approximately 244,000 gallon of digested sludge. They were originally constructed in 1939 and will be fitted with new covers and upgraded in 1992.
6. **Office/Garage** - This facility was built in 1979 and contains the laboratory for the wastewater analysis, office, parts storage, and a two stall garage for truck and equipment maintenance.
7. **Central Control Building** - Originally constructed in 1939, the building houses three centrifugal primary effluent pumps and two primary sludge pumps. In 1988, a second floor and stairwell was added to house an office and computer control center for the plant. The Primary Pump Project scheduled for 1991 will remove the centrifugal pumps from the basement, add a new sludge pump, sludge grinder, sludge flowmeter, and rehab the basement and first floor.
8. **Settling Tanks** - The west settling tanks were constructed in 1939 and the drive units were replaced in 1974. The two tanks are 35-foot diameter and have an average water depth of 8.8 feet.
9. **Settling Tanks** - The east settling tanks were constructed in 1964 and are 45-foot diameter with an average water depth of 8.8 feet.
10. **Grit Screen Building** - The "old" grit and bar screen system was built in 1934. The "old" grit system is no longer used, but the bar screen is used as an emergency bypass for the newer system. In 1983 the building, aerated grit system, and mechanical bar screen was constructed. A new channel monster and grit system will be added in 1992.

11. **Waste Activated Sludge Pump** - In 1988, the waste activated pump was installed in an existing building. The building was originally constructed to house a sludge dewatering system.
12. **Inlet Chamber, Barminutor, and Parshall Flume** - Constructed in 1964 for the south side wastewater flow.
13. **North and South Secondary Treatment Units** - Two 120-foot diameter multi-compartment tanks consisting of contact aeration, reaeration, clarification, aerobic digestion, and chlorine contact units were constructed in 1970.
14. **Split Flow Chamber** - In 1988, the split flow chamber was added to equalize the influent into the north and south secondary treatment unit.
15. **Blower Building** - Constructed in 1970, the building housed three air blowers rated at 3500 cfm each and the final plant effluent and storm water chlorination equipment. In 1987, the chlorination facility was upgraded. A hydraulic control system was located in the building in 1988 to automatically control the wastewater flow into the plant by way of hydraulic sluice gates. A fourth blower will be added in 1992.
16. **Control Chamber** - In 1939 the chamber was built to control the wastewater flow. In 1988 the chamber walls were extended and the influent piping revised.
17. **Parshall Flume** - In 1970, two of the parshall flumes were installed to measure the flow from the north and south secondary treatment units. In 1988 the flume structure walls were extended to prevent high river water from overflowing them and new ultrasonic flow meters were installed to measure the secondary effluent flow. A third parshall flume will be added in 1992 to measure the effluent from the east secondary treatment unit.
18. **Sluice Gate Chamber** - The sluice gate chamber was constructed in 1988 to allow the effluent pipe to be closed should the river water begin to flow into the plant during a high river level.
19. **Chlorine Chamber** - In 1970 this chamber was added to provide chlorination to the combined sewer flow that enters the river.
20. **Bypass Settling Lagoon** - In 1970 this lagoon was added to provide settling time for the combined sewer flow that would not be treated by the wastewater treatment facility prior to flowing to the river.
21. **Plant #1 Junction Box** - A new interceptor sewer from Plant #2 was constructed in 1988 to transport both N. Pekin and the north side of Pekin wastewater flow to Plant #1. The junction box was constructed in 1988 to combine the new interceptor with the old interceptor prior to entering Plant #1. The junction box contains hydraulic sluice gates that automatically control the

volume of wastewater that enters the plant.

22. **Flood Protection Berm** - This berm was installed in 1988 to prevent the river flooding the plant during high river levels.

23. **Sludge Lagoon** - The sludge lagoons were constructed to store the digested sludge prior to it being land applied. Two of the lagoons were built in 1939. The other two were built in 1970 when the original two were revised.

24. **Settling Tank** - This 55-foot diameter tank will be constructed in 1992 to accommodate the additional flow from the Federal Bureau of Prisons (FBOP) facility.

25. **East Secondary Treatment Unit** - A 70-foot diameter secondary clarifier, aeration tank, reaeration tank, and a chlorine contact tank will be added in 1992 to accommodate the FBOP wastewater flow.

Pekin Wastewater Treatment Plant No. 2 Description

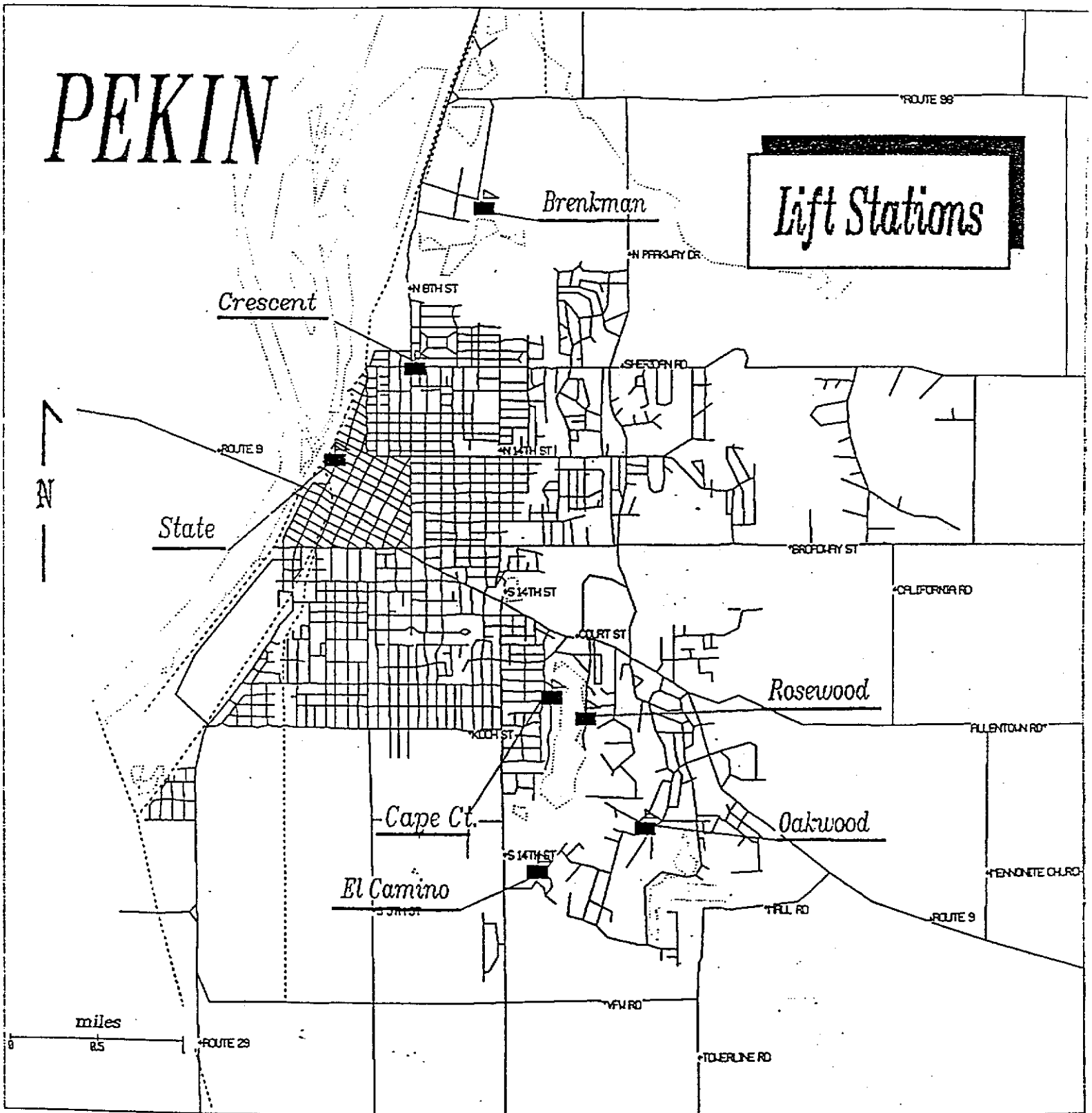
The original plant was built in 1970 to accommodate 0.50 MGD of flow. The plant consisted of the service building, screen/barminutor chamber, split flow chamber, one treatment unit, two air blowers, the waste stabilization pond with chlorination chamber, and two sludge lagoons. The plant provided wastewater treatment for a portion of the City of Pekin.

In 1975, an addition was added to the plant to provide treatment to the Village of North Pekin's wastewater. A second treatment unit was added, three sludge lagoons, and an air blower. This addition provided an additional 0.50 MGD of capacity to the facility.

As a portion of the City of Pekin's IEPA Grant project, an interceptor sewer was constructed in 1988 from STP#2 to STP#1 in lieu of refurbishing the equipment at STP#2. This interceptor transported all of the flow that was treated at STP#2 to STP#1, including the North Pekin wastewater.

Presently, STP#2 is utilized only as a holding facility for wastewater when the combined sewers within the City of Pekin begin to overflow into the Illinois River during either storm events or periods of high snow melt. A diversion chamber adjacent to STP#2, controlled by the Telemetry System, automatically closes when the water level at State Street Pump Station reaches an overflow level and the wastewater is diverted from the interceptor to STP#2. When the wastewater level at State Street drops below the overflow level, the diversion chamber gate opens and the lift station at STP#2 pumps the wastewater out of the treatment units and the pond into the interceptor sewer.

ATTACHMENT #4



ATTACHMENT #5

SEWERAGE FUND-FUND 231

116.00	OPERATING PERSONNEL	\$ 283,000
150.00	OVERTIME	29,000
155.00	VACATION PAY	19,900
156.00	HOLIDAY PAY	14,400
158.00	SICK PAY	20,000
170.00	OASDI/CITY SHARE 6.2%	23,000
170.01	MEDICARE/CITY SHARE 1.45%	5,400
174.01	IMRF	41,500
180.00	GROUP INSURANCE	29,000
387.00	MILEAGE	525
190.00	TRAINING & EDUCATION	1,000
201.00	OFFICE SUPPLIES	500
222.00	CHEMICAL SUPPLIES (CL2)	4,500
222.01	CHEMICAL SUPPLIES (POLYMER)	18,000
222.02	CHEMICAL SUPPLIES (MISC)	2,000
224.00	GENERAL SUPPLIES	6,000
225.00	EMERGENCY RESPONSE SUPPLIES	100
226.00	LABORATORY EXPENSES	2,500
240.00	LEASE/RENTAL OF EQUIPMENT	400
344.00	EQUIPMENT REPAIRS	75,000
350.00	MATERIAL & HAULING	250
361.00	MOWING	250
364.00	SLUDGE REMOVAL	30,000
380.00	MAINTENANCE AGREEMENTS	8,000
501.00	UTILITIES	150,000
503.00	TELEPHONE	2,100
542.00	TRAVEL-MEALS-LODGING	600
550.00	RADIO EXPENSE	2,000
560.00	OIL & LUBE	4,500
561.00	GASOLINE & DIESEL FUEL	1,200
601.00	AUDITING FEES	1,700
612.00	ENGINEERING FEES	120,000
613.00	TESTING FEES & EXPENSES	26,250
613.03	TESTING FEES/SELF MONITORING	3,000
630.00	CONTRACT CONSTRUCTION	3,000
640.00	SEWER CONTRACT MAINTENANCE	100,275
690.00	OTHER CONTRACTUAL SERVICES	25,000
840.00	CONSTRUCTION	400,000
870.00	MACHINERY & EQUIPMENT	100,000
876.00	REPLACEMENT EXPENSE	400,000
990.00	MISC.	400

TOTAL SEWERAGE FUND

\$ 1,954,250

PEKIN WASTEWATER ASSET INFORMATION

AUGUST 19, 1988

<u>Item</u>	<u>Cost</u>
PLANT 1	
Inlet & Screening:	
30" Inlet Gate (1939)	\$3,500
30" Gate to Old Bar Screen (1939)	\$3,500
Concrete Inlet Structure (1939)	\$10,000
Sluice Gates at Grit Building (3) (1983)	\$15,000
Bar Screen Equipment (1983)	\$70,000
Grit Equipment (Air, Screw Pump, Chamber, Etc.) (1983)	\$250,000
Morton Building Grit Building 540 ft ² (Inc. Fans, Heater, Lights, Etc.) (1983)	\$11,880
South Side Influent Structures & Gates (1964)	\$20,000
Control Chamber Structure (1939)	\$10,000
Control Chamber Structural and Piping Modifications (1988)	\$19,800
Primary Treatment:	
Primary Tanks 45' Dia., 8' Deep and Equipment (2) (1939)	\$37,213
Primary Tanks 50' Dia., 8' Deep and Equipment (2) (1964)	\$70,164
Automatic Sludge Pumping (Inc. Automatic Valves (4), Controls, Etc.)	\$40,000
Split Flow Chamber (1964), Addition (1983)	\$3,000
24" Split Primary Flow Chamber Gates (4) (1964)	\$20,000
Control Building:	
Structure - Old Part (Inc. Lights, Heat, Etc.) (1939)	\$20,000
Primary Sludge Pump (1962)	\$1,700
Primary Sludge Pump (1983)	\$8,000
Centrifugal Sewage Pump (3) (1939)	\$12,000
Sump Pump (2)	\$4,400
Submersible Pump (1974)	\$4,400
Submersible Pump (1964)	\$2,800
Submersible Pump Station Structure (1964)	\$2,500
New Control Building Addition (Inc. HVAC Etc.) (1988)	\$76,375
New Control Building Lighting (Int. and Ext.) (1988)	\$2,415
Electrical Improvements to the Power Distribution (1988)	\$7,083
Control Systems (1988)	\$89,226
Control Room Furniture (1988)	\$1,200
Dewatering Building:	
Brick Dewatering Building Structure (Lights, Heaters, Etc.) (1980)	\$60,625
Morton Building Shed Structure (1982)	\$12,675
Old Dewatering Equipment (1980)	\$80,000
Waste Activated Sludge Pump & Appurt. (1988)	\$4,000
Jacketed Pipe Insulation and Heater System (1988)	\$1,200
Sludge Piping, Pipe Fittings, Valves, and Appurtenances (Interior to the Dewatering Building and in the Dewatering Pit Adjacent to the Building) (1988)	\$5,600

<u>Item</u>	<u>Cost</u>
Secondary Treatment:	
Secondary Gear Sets & Equipment (2) (1969)	\$70,000
Diffuser System (1988)	\$90,048
Concrete Process Units 125' Dia. (2)	\$470,203
Split Flow Chamber Includes Concrete Chamber, Weir Plates and Frames, and Aluminum Grating (1988)	\$16,790
Decant Piping Modifications (1988)	\$1,120
Blower Building & Chlorination	
Blower & Chlorination Bldg. Structure (Inc. Lights, Etc.) (1969)	\$51,170
Modifications to Chlorination Room (1988)	\$4,290
Flowmeters & Recorders (2) (1970)	\$14,000
Flowmeters & Recorders (2) (1983)	\$20,000
Cat Engines (2) (1970)	\$48,000
Electric Motor (1982)	\$5,000
Blowers & Controls (3) (1970)	\$60,000
Blower Control System Improvements (1988)	\$3,800
Generator & Controls (1982)	\$25,000
Plant & Storm Chlorination Equipment (1986)	\$43,000
Lighting Improvements (1988)	\$1,070
Rework of Existing Power Distribution System	\$10,707
Air Housings and Filters (1988)	\$4,646
Effluent Structures:	
Parshall Flume Structures (1969)	\$3,140
Parshall Flume Structural Modifications (1988)	\$1,500
Sluice Gate Chamber (1988) (Inc. 36" Sluice Gate)	\$7,850
Storm Lagoon Side Walls (1969)	\$10,500
Tube Valve Chamber With 27" Valve (1988)	\$53,892
Sewer Diversion Facilities:	
First Concrete Chamber with Castings & Appurtenances (1988)	\$40,560
Two 30" x 30" Sluice Gates with Hydraulic Cylinders (1988)	\$16,590
Two 30" x 24" Sluice Gates with Hydraulic Cylinders (1988)	\$16,590
Hydraulic Gate Controls and Power System (1988)	\$81,360
Sludge Drying Beds Building	
Concrete Work and Grating (Including Footings, Foundations, Drying Beds, Walkways, Valve Pits, Wet Well, and Structural Excavation) (1988)	\$210,000
Pre-engineered Metal Building (Including Structural Steel, Metal Wall and Roof Panels, Insulation, Doors, and Skylights) (1988)	\$110,000
Building Heating and Ventilation (Including Exhaust Fans, Wall Louvers, and Unit Heaters) (1988)	\$10,600
Piping Including Sludge Piping, Brown Water Piping, Filtrate Piping, and Washdown Piping (1988)	\$44,670

<u>Item</u>	<u>Cost</u>
4" Magnetic Flow Meter (1988)	\$2,600
Polymer Feed System (1988)	\$6,000
Filter Media (1988)	\$92,000
Vacuum Pump System (1988)	\$3,300
Submersible Pump System (1988)	\$2,600
Filtrate Pumping Control System (1988)	\$8,700
Temperature Control System (1988)	\$11,400
Air Control System (1988)	\$13,400
Lighting (Int. and Ext.) (1988)	\$5,734
Power Distribution (1988)	\$3,411
Sludge Storage Pad	\$18,000
Digesters:	
Old Digesters (2) (1939) 45' & Equip.	\$62,000
Old Digester Building & Digester Structure 50' (1964)	\$192,500
Old Digester Equipment, Etc. (1964)	\$34,500
Piping Modifications Interior to Old Digester Building	\$3,780
Concrete Digester 50', Gas Holder Cover and Siliconel Polyurethane Roof Insulation System, and Concrete Block Facing and Insulation (1988)	\$385,000
Anaerobic Digester Building (Including Concrete Slabs, Trenches, Equipment Pads, Concrete Block Walls, Structural Steel, Insulation, Metal Roofing, Carpentry, Doors, and Skylights) (1988)	\$150,041
Anaerobic Building Plumbing (Including Floor Drains, Cleanouts, Piping, Fixtures, and Potable Water Piping) (1988)	\$8,800
Anaerobic Building Heating and Ventilation (Including Exhaust Fans, Wall Louvers, Unit Heaters, and Supply Vent) (1988)	\$17,000
Digester Mixing System (Including Gas Safety Equipment Compressors, Draft Tubes and Associated Equipment (1988)	\$97,152
Digester Gas and Natural Gas Pipe, Pipe Fittings, Valves, and Appurtenances Interior to the Anaerobic Digester Building (1988)	\$42,390
Sludge Piping, Pipe Fittings, Valves, and Appurtenances Interior to the Anaerobic Digester & Building (1988)	\$40,248
Brown Water System (Including Pump, Pressure Tank, Air Compressor, Piping, Pipe Fittings, Valves, and Appurtenances Interior to the Anaerobic Digester & Building) (1988)	\$23,000
Digester Heater and Heat Exchanger (1988)	\$45,580
Sludge Recirculation Pump (1988)	\$3,260
Sludge Thickener Control System (1988)	\$23,728
Digester Heater and Heat Exchanger Control System (1988)	\$16,400
Brown Water Control System (1988)	\$5,900
Gas Compressor Control System (1988)	\$38,500
Air Control System (1988)	\$41,600
Generator Control System Including Generator Switchgear Tab (1988)	\$29,600

<u>Item</u>	<u>Cost</u>
Lighting (Int. and Ext.) (1988)	\$5,350
Generated G-1, Paralleling Switchgear & Installation (1988)	\$11,821
Misc. Power Distribution (1988)	\$11,521
Gravity Belt Thickener System:	
Polymer System	\$6,000
4" Magnetic Flowmeter	\$2,600
Gravity Belt Thickener & Belt Wash Piping (Includes Hopper, Curtain and All Appurtenances)	\$67,600
Thickener Discharge Pump	\$9,000
Gas Engine Generator System:	
Engine Generator (Includes Radiator, Piping, Pipe Fittings and Appurtenances) and Heat Exchanger System	\$135,000
Gas Compressor System Including Scrubbers	\$25,000
Tractors:	
John Deere 2040 (1979)	\$12,000
Lawn and Garden (3)	\$9,000
Miscellaneous:	
Automatic Samplers	\$7,000
Fencing (Before 1939)	\$10,500
Fencing (1988)	\$24,000
Roadway & Sidewalk Surfacing (1988)	\$18,600
Roadway & Sidewalk Surfacing (Before 1988)	\$20,500
Lab Equipment	\$15,000
Service Building Shop Area:	
1984 Pickup	\$12,683
1988 Pickup	\$12,135
Shop Equipment	\$10,000
Cabinets	\$5,000
<i>1990 Pickup</i>	<i>\$12,400</i>
Miscellaneous Pumps:	
One 6" Trash Pump (1970)	\$5,000
Two 3" Pumps	\$2,400
Pressure Sprayer	\$2,000
PLANT 1 TOTAL	\$4,394,186
	<i>4,406,586</i>
PLANT 2	
Service Building Structure (1969)	\$46,620
Service Building Equipment (Including Scales, Tools, Etc.)	\$1,500
Two 1,500 Blowers (Including Motors) (1969)	\$15,000
One 3,000 RPM Blower (Including Motor) (1975)	\$9,500
Flow Meters (3 before 1988)	\$12,000
Ultrasonic Meter, Vault, and Wiring (1988)	\$6,677

<u>Item</u>	<u>Cost</u>
Duplex Submersible Lift Station with Valve Vault, Valves & Piping - 10 HP Each (1988)	\$22,429
Plant 2 Telemetry (1986)	\$9,540
Inlet Structure with Barminuter (1969)	\$14,500
Split Flow Box (1969)	\$1,525
Diversion Structure (1988)	\$13,282
Diversion Structure Telemetry (1986)	\$7,712
30" x 30" Sluice Gate with Electric Operator (1988)	\$27,398
Secondary Unit 108' Dia. (Including Structure and Operating Equipment) (1970)	\$202,000
Secondary Unit 108' Dia. (Including Structure and Operating Equipment) (1975)	\$242,400
Pond Drain Line with Swivel Joint, Winch, and Valves (1988)	\$12,278
Piping and Valves in South Tank (1988)	\$35,664
Piping and Valves in North Tank (1988)	\$36,300
Fencing	\$8,800
Roadways/Sidewalks	\$8,500
Well Pump	<u>\$2,500</u>
PLANT 2 TOTAL	\$736,125 ✓
LIFT STATIONS	
Cape Court & 18th Street (1958):	
Lift Station Structure Including Piping and Two Weil McLain Type Pumps - 1 1/2 HP	\$11,500
Telemetry (1986)	\$10,558
Rosewood Lane (1961):	
Lift Station Structure Including Piping and Two Weil McLain Type Pumps - 1 1/2 HP	\$13,500
Telemetry (1986)	\$10,302
Crescent Drive:	
Lift Station Rehabilitation (1984) Including Lift Station Structure, Piping, and Two Flygt Submersible Pumps - Model 3085	\$53,467
Telemetry (1986)	\$6,000
El Camino - Sunset Number 23 (1969):	
Lift Station Structure Including Piping and Two Can Tex 4" Duplex Pumps - 3 HP	\$20,000
Telemetry (1986)	\$8,025
Fire Station, Court Street and Entrance Drive:	
Lift Station Structure Including Piping and Two 4" Weil McLain Type Pumps	\$22,500

<u>Item</u>	<u>Cost</u>
State Street:	
Lift Station Structure Including Piping and Three Flygt Submersible Pumps - 35 HP	\$45,000
Telemetry (1986)	\$8,075
Lift Station Upgrade Including "Head Box", Sluice Gate, Flap Gate, Electrical Improvements, and Site Work (1983)	\$68,500
Concrete Structure 100 x 44' Including Electrical, Flap Valve, Manhole Access Lids, Knife Gate, Check Valve, Equipment Access Lids, Cage Ladders, Water Line Valve and Hydrant, and Bar Rack	\$579,763
Computer Program and Telemetry for Level Monitoring	\$7,758
Brenkman Drive, Edgewater (1975):	
Lift Station Structure Including Piping and Two Hydr-O-Matic Pumps - 10 HP	\$28,500
Telemetry (1986)	\$10,831
Oakwood Sunset, Number 17 (1961):	
Lift Station Structure Including Piping and Two 4" 40 MPC Hydr-O-Matic Pumps - 7 1/2 HP	\$15,000
Telemetry (1986)	\$11,475
LIFT STATIONS TOTAL	\$930,754 ✓
OTHER	
Central Station Telemetry (1986)	\$14,958
Central Station Computer (1986)	\$31,976
Regulators and Outfalls:	
Court Street Regulator Structure (1939)	\$12,000
Court Street Regulator Improvements (1988)	\$21,135
Court Street Outfall Improvements (1988)	\$101,266
Caroline Street Regulator Structure (1939)	\$10,500
Caroline Street Regulator Improvements (1988)	\$23,929
Caroline Street Outfall Improvements (1988)	\$32,776
Fayette Street Regulator Structure (1939)	\$10,500
Fayette Street Regulator Improvements (1988)	\$32,548
Fayette Street Outfall Improvements (1988)	\$91,400
OTHER TOTAL	\$382,988 ✓
GRAND TOTAL	\$6,444,053 \$ 6,456,453

Comments

1. These items were not included in the estimate:

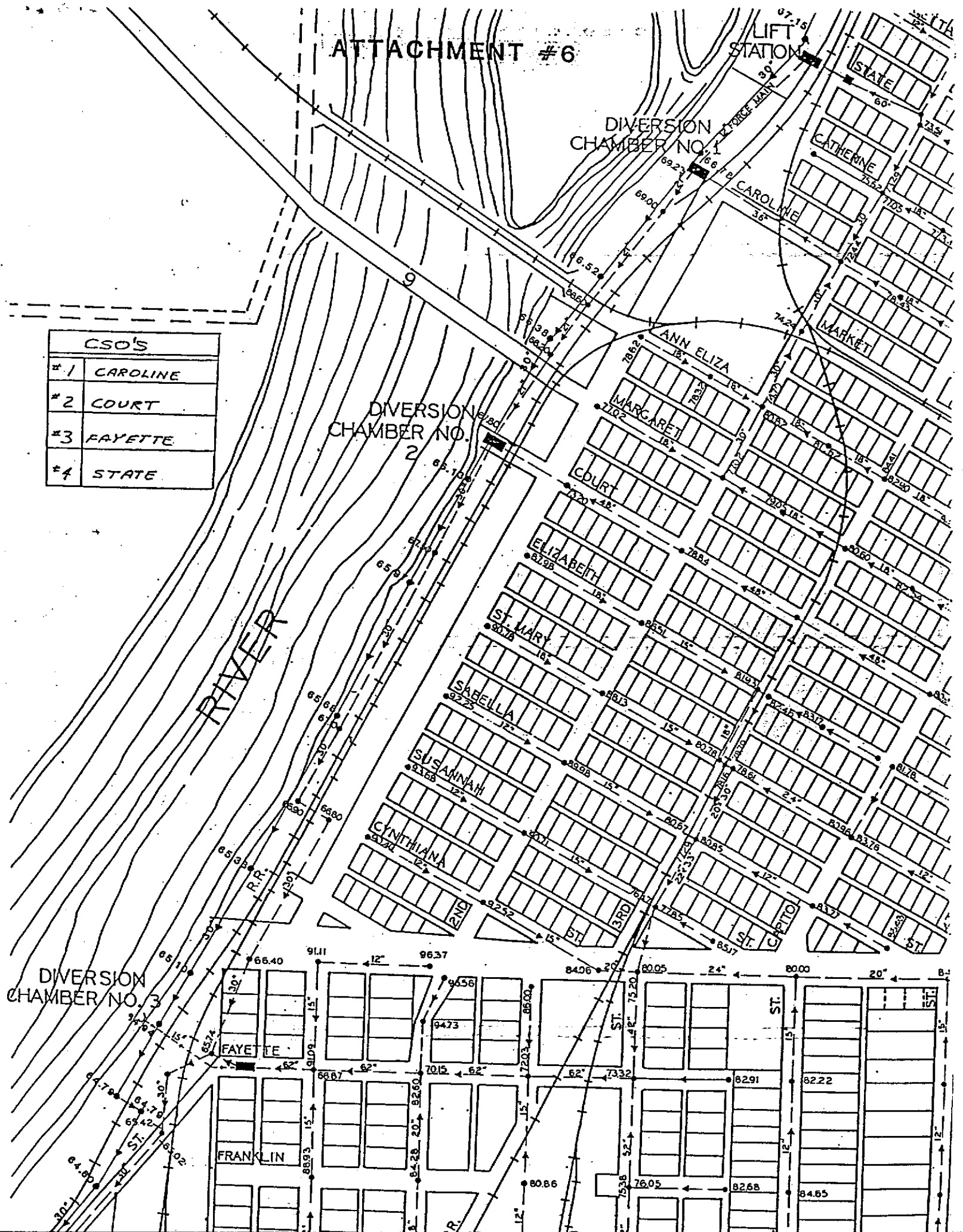
- Manholes on Sewer Systems
- All Underground Sewer Piping
- All Underground Railroad Crossings (Boxing and Jacking)
- Granular Backfill
- Sludge Lagoons
- Flood Protection Berm
- All Underground Site Piping at the Plant
- Underground Electrical, Conduits & Wires

2. As requested, all cost estimates are listed for the year in which the asset was acquired.

ldg-150

ATTACHMENT #6

CSO'S	
#1	CAROLINE
#2	COURT
#3	FAYETTE
#4	STATE



AFFIDAVIT

STATE OF ILLINOIS)
) S.S.
COUNTY OF TAZEWELL)

Now comes RICHARD HIERSTEIN, and after being first duly sworn, on oath, states as follows:

1. I am 53 years old, and have been the city manager of the City of Pekin, have had overall responsibility and supervision of City staff for the past seven years. I have formerly been the city manager of Owatonna, Minnesota and Carroll, Iowa.
2. As part of my job, I have been responsible for dealing extensively with the engineering department, in its overall responsibility for the City's waste water treatment system.
3. I have also been intimately involved in an ongoing three year detailed examination of the acquisition of the City's water system from Illinois American.
4. An important component of the City's decision to proceed with acquisition of the water system from Illinois American was a water study task force put together by the Mayor and the City Council in late 1998 and 1999. That task force, composed of a variety of citizens within the city, with background and expertise in all areas concerned with the acquisition and operation of the system, returned its report on August 9, 1999. A copy of the water study task force summary report is attached hereto as Exhibit 1.
5. Many members of that task force, in reporting their decision to the City of Pekin, indicated their initial wariness and skepticism with respect to acquisition by the City of Pekin.
6. After almost a year of hard work and investigation, the task force returned its unanimous recommendation to the City Council, indicating the following:
 - a. City ownership will significantly reduce future rate increases;

- b. City ownership will provide additional means to help manage future City growth;
 - c. City ownership will keep significant cash flow and profit dollars in the City;
 - d. City ownership could provide additional jobs in Pekin; and
 - e. City ownership will allow the integrated planning of infrastructure (roads, sewer, water) maintenance.
7. The City Council, after its own careful study and review, including detailed review and study of the water study task force, input from City staff, made its decision to move forward with acquisition of the water system from Illinois American.
8. As part of its plan for acquisition, and plan for the immediate future of a combined water and waste water system, and after considerable and extensive examination of all facets of the system, including capital improvements, maintenance, contract operation costs, financial assessments, and rates and service, the City Council laid out its plan for the next five years.
9. That plan, adopted by the City Council by resolution, includes:
- a. A five year freeze on existing rates for all persons served by the Pekin system, including existing customers inside and outside the City.
 - b. An opportunity for current employees of the Illinois American system to participate in the continued operation of the facility, after acquisition by the City and operation by a contract operator.
10. Having twenty years of experience as City Manager of three communities where the city owned and operated both the water and wastewater systems, I have a high level of confidence that a large amount of savings will be accomplished by the City of Pekin in consolidation of the water system with our existing waste water operation. In all three of the those cities, water system operation costs were considerably lower than they are in Pekin.

The pro forma statement prepared by the Pekin Water Study Task Force noted only savings that could not in any way be contested by any reader of the report. The task force members were firmly convinced that a great deal of additional savings would

be accomplished with city ownership. However, they were convinced that the case for city ownership was obvious without any arguing any of those additional cost savings. Therefore, they chose not to point out the additional savings that could be added without question to the \$1,596,096 in operating income.

At the time of the pro forma, the costs used were taken from the information submitted by Illinois American as part of its last rate increase filing with the Illinois Commerce Commission and from refinements to that information furnished by Illinois American to the study committee.

The pro forma called for twenty-two positions in the local office. Four of those positions have been eliminated by the company since the time of the report and would not be needed by the city either. Additionally, 9.12 positions in Belleville were allocated to the Pekin operation. We have a high level of confidence that six of the nine positions allocated from Belleville will not be needed for the Pekin operation since we will be combining sewer and water administrative operations. These changes will save approximately \$200,000 annually from the pro forma costs.

Based on costs of Customer Accounting and General Office for our waste water operation being duplicated by water, we would have a cost saving of \$70,764 from the water operation pro forma. I believe that the combined operation will yield further savings beyond this very conservative estimate.

With the public relations expenditures of Illinois American being lumped in with legal and laboratory, it is difficult to establish how much of the \$189,389 in the pro forma is for public relations. However, municipal systems spend far less than private systems on this area. A conservative estimate is that \$30,000 annually would be saved on public relations by municipal operation. This \$30,000 in additional savings, however, may be offset with the need to make payments to the local schools and park district in lieu of the property tax they would receive from Illinois American.

The City's stable employment and exemption from unemployment taxes yield another savings of \$20,255 from the private company costs.

The Water Study Task Force noted the nearly identical size of the Pekin and Galesburg water systems in number of customers and volume of water delivered. It noted that Galesburg treats all of its water for iron removal and pumps its water from a source about thirty miles away from the city. Despite the extra costs associated with these requirements, Galesburg's operating costs are lower than Pekin's by a margin of \$2,441,082 to \$3,789,840. This included the \$682,936 in taxes, New Jersey management fees and regulatory expense that the study eliminates in its cost savings estimates, leaving a gap of \$665,822. The conservatively estimated savings described in the earlier paragraphs total \$291,019. These bring us within an acceptable margin over the Galesburg operating costs.

I have a high level of confidence that the \$291,019 in savings spelled out above combined with the \$1,596,096 in operating income identified in the Water Study Task Force Pro Forma statement, will be more than adequate to address the needs of debt service and unforeseen expenses in the Pekin water system during the time that rates will be frozen.

11. Rates will be stabilized. Rates for the average customer have more than tripled by Illinois American in their initial sixteen years of ownership of the Pekin system. During that same period of time, the City owned and contract operated waste water system has reduced waste water charges for the same customers by 23%.
12. During that same time, the City has solved any problem areas of the system, spent over \$1,000,000 lining old brick sewers, upgraded every lift station in the system, made multiple extensions of lines to accommodate new City growth, and upgraded its televising and maintenance program.
13. Illinois American's progress, during that period of time, on replacement of mains and addressing critical pressure problems, in parts of the system, has not been nearly as aggressive or successful as the City's.

14. The City is eligible for a variety of funding sources unavailable to Illinois American, to assist in the replacement of almost 22 miles of 2 inch or smaller water mains, and other outdated components of the water system. These programs will mean matching dollars for City funds, from available State, Federal, and other resources, to help pay for capital improvements.
15. Replacement, using private company investment is prohibitively expensive for the customers, due to the use of retained, after tax earnings and the private company's double digit rate of return on such capital improvements over their undepreciated life. Debt financing at Government rates, unburdened by equity rates of return and income taxes, would yield lifetime costs far less costly than those incurred under private ownership. Such financing, which can lead to a rapid and aggressive improvement of the aging system, will be absolutely critical for customers of the City in the future.

City ownership of the water system would be better able to meet the large capital needs of the system for several reasons:

- a. The City can qualify for State and Federal grant and loan programs not available to a private company.
- b. The City can use its CDBG funds in the low income areas of the community, which is where the inferior lines exist.
- c. The City can refocus from Illinois American's aggressive meter replacement schedules, to divert some of those funds to more immediate and significant needs to replace dangerous mains.
- d. Where investment cannot be obtained from outside funding, depreciation funds and other current revenues, the City can finance improvements through debt that has a far lower final cost to the customer than a private company. The City can borrow money at a tax free rate for a period of seven to twenty years, starkly contrasting to the double digit return for undepreciated life of the improvement system charged by Illinois American.

16. The large advantage in costs of upgrading that can be utilized by public ownership of the Pekin system, is an integral component of the five year rate freeze, and will lead to much smaller rate increases in the future. It will also, as noted, accelerate the rate of replacement and improvement in the system. The overall result will be significantly better quality service for the customers of the system.
17. The City of Pekin plans to initially adopt all customer policies in force under Commerce Commission rules for customers of the Pekin system, and those matters will be reviewed over time, after input and review, so as to continue and improve the system and service.
19. Water, or rate differentiations would not be used to attempt to coerce any existing customers of the system that lie outside the city boundaries, to annex into the city limits. The City may condition access and extensions of the existing system, to new customers, upon annexation.
20. The City is currently soliciting formal discussions and informal proposals from a variety of contract operators experienced in water systems, for operation of a combined water and waste water treatment system. Those contacts and discussions will ripen into requests for proposals that will be made next year to contract operators for the combined operation, under City supervision of the overall system.
21. The City of Pekin's experience with Illinois American, since Illinois American negotiated a purchase of the water company that had been previously locally owned for 100 years, have been problematic for the citizens of Pekin since Illinois American's acquisition in 1982.
22. Attempts by a variety of City Councils for the City of Pekin over the last twenty years, have not led to a franchise agreement, and it is only recently, in the face of the City's movement towards acquisition, and a resounding support by the public for such acquisition, that Illinois American has responded with any significant proposal with respect to the payment of franchise fees. Similarly, until excluding Pekin from its most recent rate increase filing, prior to the referendum last year, Illinois American rates for the average customer have more than tripled.

23. The City has experienced a significant loss in local availability, local service, and cooperation as a result of the consolidation by Illinois American of functions at other locations, the loss of jobs to other locations, and a reduced local presence and all its benefits.
24. Both the age and reduced capacity of the Illinois American system, and the inability to get prompt action in an emergency situation, has left the City and its citizens vulnerable from a health and safety viewpoint. In addition to complaints from citizens respecting long delays in waiting to talk with a service representative with respect to service problems, there have been critical health and safety issues as a result of Illinois American's current procedures. During a recent fire in Pekin, the emergency center failed to get answers at the first two emergency numbers furnished to them, and when the centralized service number was finally reached, City fire officials were put on hold for over seven minutes. At a fire two months earlier, it took over an hour for a fire department to receive any assistance with a non-functioning hydrant.
25. Substantial portions of the Pekin water system are very old and do not come close to meeting current standards. Approximately 22 miles of the mains are 2 inches or less in diameter. These inferior mains are a significant part of the fire protection problems in Pekin. The replacement pace set by Illinois American would mean that inferior lines will not be completely replaced for over 170 years. That is an unacceptable and unsafe situation for the citizens of Pekin.
26. The City's ownership of a combined water and waste water treatment facility would be a significant benefit to the recruitment of new industrial businesses in the area for the City's development. In the past, while other utilities have assisted and cooperated with the City for the recruitment of Hanna Steel to Pekin, and other companies, Illinois American has refused to help, and has in fact delayed the start of the City even after the City has paid for all necessary water lines and related improvements.

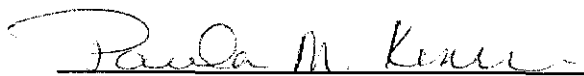
27. The City's investigation and education of itself and its citizens has resulted in a remarkable turnaround with respect to the support that the citizens of Pekin have for acquisition of the water system. There have been three advisory referenda on the issue. The first advisory referendum was held in 1992. City ownership, after a limited educational campaign by City, and an aggressive campaign by Illinois American was opposed by a margin of 73% to 27%. The second referendum was requested by the water company and held in November of 2000. Again, the voters rejected City ownership by a greatly reduced margin of 54% to 46%. In that 2000 election, the company spend hundreds of thousands of dollars in advertising funds, while the citizens' committee in favor of the issue spent only about \$40,000.
28. In March of 2002, the City Council put the issue on the ballot, with the urging of prior opponents and supporters of acquisition, when it was learned that a potential sale of American Water to RWE was in the process.
29. The March, 2002 election yielded a result in favor of City purchase of the Pekin system by a margin of 61% to 39%. That margin was achieved despite the company again spending what has been conservatively estimated to be over \$500,000 on the campaign against City ownership.
30. The City has been attempting to open negotiations for purchase of the Pekin assets from Illinois American for over three years, most recently when myself and the Mayor met on November 6, 2001, with Illinois American. In those efforts, Illinois American has completely rebuffed any attempt by the City to sit down and negotiate a purchase of the assets. (See Task Force Water Study; Q-23, Q-24).
31. The City has the resolve, the technical expertise and experience, the track record, the financial capability and experience, as well as the overwhelming support of its citizens, in moving forward with acquisition of the system, for the immediate and long term benefits of the public.

Further, affiant sayeth not.


RICHARD HIERSTEIN

2002. SUBSCRIBED AND SWORN TO before me this 8 day of May,




Notary Public